



Arizona State Retirement System

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ASRS News

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ASRS Posts 2013 Investment Returns

The Arizona State Retirement System posted a rate-of-return for the fiscal year ending June 30, 2013 of 13.1 percent (net of fees; 13.8 percent before fees) on a total fund of more than \$31.1 billion, the largest pool of public investment assets managed in Arizona.

This follows the fiscal year 2012 return of 1.3 percent. The ASRS average long-term rate of return is just under 10 percent and the 10-year average is approximately 7.4 percent.

Executive Director Paul Matson stated that the investment return is a result of several actions taken by the ASRS including:

1. Adhering to a *long-term strategic equity* belief.
2. Positioning a *short-term tactical equity* overweight.
3. Maintaining an *underweight to bonds*, specifically U.S. Treasuries.
4. Determining that market dislocations existed and consequently *investing in opportunistic markets*.

“The overall synergy of multiple macro and micro-level investment decisions is particularly rewarding, given the potential rewards for prudent integration of long-term and short term perspectives,” Mr. Matson said. “Setting a long-term investment strategy, while allowing and encouraging tactical and innovative deviations from this strategy based upon current capital-market regimes, is an important concept to embrace.

“We must continue to be cautious and focus on risk management while simultaneously searching for market dislocations and temporal re-valuations.”

To learn more about ASRS investments, visit the Investments page

<https://www.azasrs.gov/web/Investments.do>

Note: Although the one-year return was above the ASRS target rate of 8 percent, there is not expected to be any increases (called Permanent Benefit Increase or PBIs) to retiree benefits this year, as the ASRS uses a rolling 10-year period to determine PBI availability. It is expected to be more several years before excess returns allow for a PBI.